



U.S. Small Business Administration
"America's Small
Business Resource"

Small Business Beat

Quarterly Publication of the Michigan District Office

Winter 2004

Michigan District Office - A Banner Year!

SBA's Michigan District Office had the best year in its history as we served more small business people in FY 2003 than ever before in each of our three major program areas: lending, entrepreneurial development, and government contracting.

With 1,717 loans, the Michigan District Office exceeded its previous record of 1,151 loans by 49%! The loans were worth more than \$377.5 million. This was an increase of 646 loans and \$25.1 million over the previous year and set an all time high record for SBA lending in dollars.

The benefits of SBA's loan programs are felt state-wide. Small businesses in 366 cities within 78 of Michigan's 83 counties received an SBA guaranteed loan.

SBA lending was up in all categories and the District Office met all of its lending goals. We also met all of our government contracting and entrepreneurial development goals, as we assisted thousands of Michigan business people through the 8(a), Michigan Small Business and Technology Development Center, SCORE, and Women Business Center programs.

"I want to thank my staff for all the hard work they did this year. A big round of applause goes out to the lending community and to all of our partners who have worked together with SBA to help Michigan's small business community. I know

FY 2003 Loans At A Glance

(All dollar values in millions)

7(a) loans	1,590
7(a) Dollars	\$315.7
504 loans	127
504 Dollars	\$61.7
Total Loans	1,717
Total Dollars	\$377.5

<u>Top Ten Cities</u>	<u>#Loans</u>	<u>Dollars</u>
1. Detroit	104	\$19.9
2. Grand Rapids	80	\$18.0
3. Ann Arbor	40	\$7.2
4. Kalamazoo	38	\$11.1
5. Muskegon	38	\$6.8
6. Holland	36	\$8.5
7. Lansing	31	\$9.2
8. Southfield	30	\$5.5
9. Traverse City	29	\$8.0
10. Flint	24	\$5.7

<u>Top Ten Lenders</u>	<u>#Loans</u>	<u>Dollars</u>
1. National City	354	\$27.2
2. Fifth Third	158	\$23.9
3. Bank One	127	\$19.6
4. Republic Bank	123	\$41.8
5. Innovative Bank	79	\$0.4
6. Capital One	74	\$3.2
7. Huntington National Bank	57	\$9.6
8. Comerica Bank	55	\$28.6
9. Business Loan Center	45	\$30.7
10. Capitol Bancorp (tie)	40	\$9.2
10. Wells Fargo (tie)	40	\$2.6

that with their continued efforts we can reach even more small businesses this year," said Richard Temkin, Acting District Director for SBA's Michigan District Office.

Small Business News and Updates

Cap on SBA's 7(a) Loan Program

Faced with unprecedented demand from small businesses seeking credit backed by the U.S. Small Business Administration, the SBA found it necessary to reduce the maximum loan size under the 7(a) loan program to \$750,000 until further notice. This cap took effect on January 8, 2004.

To date, during fiscal year 2004 SBA's 7(a) loan program is running 40% ahead of the number of loans approved, and 45% ahead of dollars approved, at this same point in time during last year's record breaking year. SBA implemented this cap in order to provide assistance to the maximum number of small businesses. The \$750,000 limit should allow SBA to provide continuing, uninterrupted financial assistance. The usual maximum loan size is \$2 million.

The Michigan District Office will inform you if the \$750,000 limit is removed. In the meantime, our 504 loan program is an alternative to the 7(a) program for fixed asset financing in those cases where a larger loan is needed.

Certified development companies that serve Michigan are listed below:

Economic Dev. Foundation-Certified
1345 Monroe, NW, Suite 132
Grand Rapids, Michigan 49505
P (616) 459-4825
F (616) 458-5736

Growth Finance Corporation
204 E. Edgerton, PO Box 501
Howard City, Michigan 49329-0501
P (231) 937-7429
F (231) 937-6627

Lakeshore 504
272 East 8th Street, PO Box 1888
Holland, Michigan 49422-1888
P (616) 392-2389

F (616) 392-7379

Metropolitan Growth and Development Corporation
600 Randolph Street, Third Floor
Detroit, Michigan 48226
P (313) 224-0820
F (313) 224-0822

Michigan Certified Development Corporation
822 Centennial Way, Suite 180
Lansing, Michigan 48917
P (517) 886-6612
F (517) 886-6619

Oakland County Business Finance Corporation
1200 N. Telegraph
Executive Office Building
Pontiac, Michigan 48341
P (248) 858-0879
F (248) 858-1080

SEM Resource Capital
17177 N. Laurel Park Dr., Suite 360
Livonia, Michigan 48152
P (734) 464-4418
F (734) 464-4419

SBA Success Stories

We are looking for **SBA Success Stories...**

If you or someone you know has benefited from SBA assistance, we would like to hear from you.

We are looking for small firms that have received helpful assistance through an SBA program or service or through one of our resource partners, such as the Michigan SBTDC, Women's Business Centers, or SCORE.

Small Business Calendar

March 3

8(a) and Small Disadvantaged Business Certification Orientation. Detroit (313) 226-6075

Starting a Business. Grand Rapids (616) 771-6880

Starting a Business. Livonia (734) 462-4438

March 4

Small Business Loan Workshop. Pontiac (248) 858-0783

March 10

Pre-Business Basics. Detroit (313) 226-6075

March 16

How to Start a Business. Ypsilanti (734) 547-9170

March 18

Elements of a Business Plan. Detroit (313) 226-6075

March 25

Entrepreneur Orientation Seminar. Saginaw (989) 755-0904

March 30

How to Write a Business Plan. Rochester (248) 370-2726

For a list of upcoming workshops, please visit our Web site at <http://www.sba.gov/mi>.

Newsletter Mailing

If you or someone you know would like to receive a copy of future editions of *Small Business Beat* via email, please forward the email address to Annette Hall at annette.hall@sba.gov.

WEDO IS A HUGE SUCCESS

Assistance for Women Entrepreneurs

For four days in September, National City along with the Michigan Small Business & Technology Development Center (MI-SBTDC), the National Association of Women Business Owners, and SBA conducted the first Women's Economic Development Outreach (WEDO) in Michigan. Over 450 women business entrepreneurs came together to get advice on business plans, financing options, and networking.

Originally developed by National City in their Pittsburgh market, this program brings together local professional and non-profit organizations devoted to assisting women entrepreneurs. Whether just starting a business or trying to expand, this initiative provided valuable information for all women who attended.

Each WEDO event provided panels of local experts covering topics such as: how to really use your business

plan as a management tool, positioning your company for financing, the importance of networking, and how certification as a women's business enterprise can open new markets. WEDO 2003 sessions were held in Ann Arbor, Kalamazoo, Sterling Heights, and Southfield.

SBA Assistant Administrator for Women's Business Ownership Wilma Goldstein was the keynote speaker at the opening WEDO event in Sterling Heights.

WEDO 2004 is still in the planning stages but will take place September 13-17 at the following locations: Macomb County, Livonia, Lansing, Grand Rapids, and Traverse City. WEDO will focus on topics such as financing, women's certification, e-commerce, networking, and marketing. More information on speakers, venues, and how to register will be available in upcoming newsletters. For more information, please email the SBA's Women's Business Representative at catherine.gase@sba.gov.



Upcoming SBA Economic Growth Tour

Join us as we celebrate 50 years of SBA's commitment to America's entrepreneurs. Take advantage of immense opportunities to network, connect with government and corporate buyers and learn about cutting-edge business practices.

Where: Green Bay, Wisconsin
When: March 22, 2004

For more information visit www.sba.gov/region5 or call toll free 1-800-U-ASK-SBA.

At the Women's Economic Development Outreach in Kalamazoo



National City's Lori Meeder and Larry Lueth speaking with SBA's Allen Cook



MI-SBTDC's Jean Johnson speaking at the WEDO event in Kalamazoo

Michigan Minority Small Business Person of the Year

SBA News

Vivek "Vic" Havele, President of CAEtech (Computer-Aided Engineering Technology) of Farmington Hills has been named the 2003 Minority Small Business Person of the Year by the Michigan District Office.

Founded in 1989, CAEtech provides high-tech services and solutions in Information Technology, Advanced Engineering, and Human Capital Management. CAEtech is a supplier to many major corporations including Ford Motor Company, General Motors Corporation, DaimlerChrysler, Delphi Automotive, and many other tier-1 and tier-2 suppliers.

"Mr. Havele has shown intelligence, strength, and determination from the start pursuing his dream and achieving entrepreneurial success," said Richard Temkin, Acting District Director of Michigan. "We are pleased that SBA programs could play a part in helping him attain such success."

At the start of his business, Havele recognized the obstacles he faced in growing his small business and committed himself to finding key resources to further his business education. He found some of these resources at the SBA. SBA has provided Havele with guidance on government contracting requirements, procurement strategies, and marketing assistance over the last eight years.

Havele has also used SBA's 8(a) Business Development program, which enabled CAEtech to receive over \$2.24 million in set-aside contracts, and the 7(a) and 504 guaranteed loan programs to help

secure working capital, equipment, and real estate. In 2002, the company had over \$5.6 million in annual revenue and had 85 employees.

The Michigan District Office congratulates Mr. Havele on his award!

Congratulations!

**Congratulations to the
Michigan District Office
on being named
the #1 District Office in
Region V
for Fiscal Year 2003**

Staff Farewells

Our office recently lost several staff members to retirement, reassignment, or for personal reasons. We would like to acknowledge their hard work and dedication to this office and the small business community we serve. A hearty "Thank You" and "Good Luck" goes out to Dave Chaffin, Cheryln Cook, Dave Engler, Paul Jacobson, Tony Misko, LaDonna Walker-Little, and Hazel Zackery. We miss you and wish you all the best...



Conrad Valle

Congratulations to one of our own - Conrad Valle! SBA Assistant District Director Conrad Valle was recently honored as one of the 56 Most Influential Hispanics in Michigan by Corp! Magazine. He received his award at an Awards Reception sponsored by Corp! Magazine and the Hispanic Business Alliance.

Conrad has been with SBA as the Assistant District Director for Minority Enterprise Development for 19 years. His division is responsible for the 8(a), Small Disadvantaged Business and HUBZones Certification, Government Contracting, and Very Small Business Programs.

Small Business Beat is a publication of the Michigan District Office of the U.S. Small Business Administration. We encourage the reprint of any information appearing in this newsletter.

U.S. Small Business Administration
Michigan District Office
477 Michigan Avenue, Room 515
Detroit, Michigan 48226
P (313) 226-6075
F (313) 226-4769
E michigan@sba.gov
<http://www.sba.gov>

Newsletter Editors: Annette Hall and Richard Temkin.

All of SBA's programs and services are provided to the public on a nondiscriminatory basis.

SBA FY2003: The Year in Numbers



Did you know that...

SBA approved \$16.93 billion in loans and venture capital financing for small businesses in FY 2003. The combined number of loans for the two loan programs of 74,169 is a 50 year record, and an increase of 29% from the previous year.

For FY 2003 (ending Sept. 30, 2003), the SBA approved a 50 year record 67,300 loan guaranties amounting to \$11.3 billion in the 7(a) General Business Loan Guaranty program. The number of loan approvals in 2003 was 30% more than the previous year.

SBA also approved 6,863 loans (up 25% from 2002) worth a record \$3.16 billion under the Certified Development Company, or 504, loan program.

Over the past 10 years, (FY 1994-2003), the SBA has backed more than \$117.24 billion in loans to small businesses, almost twice as much as the total for the agency's entire history before that time (\$65 billion from 1953-93).

More than 29% of all SBA loan dollars in FY 2003 went to minority borrowers – nearly \$4.3 billion to more than 21,808 minority-owned businesses, up 38% from FY 2002.

Loans to small businesses owned by minorities increased by 38%, from 15,836 in FY 2002 to 21,830 in FY 2003. Loans to African Americans increased by 61%, loans to Hispanic Americans increased by 39%, loans to Asian Americans increased by 31%, and loans to Native Americans increased by 18%. Loan approvals for women small business owners increased by 33%, to 16,503 loans, and loans to veteran-owned small businesses rose by 22%, to 7,413 loans.

SBA's Microloan program, which promotes economic empowerment at the smallest levels, provided \$27.5 million in loans to more than 2,263 borrowers. Under the program, SBA provides funding for loans and technical assistance to non-profit community-based lenders. Since 1992, those lenders have loaned more than \$211 million to more than 18,750 entrepreneurs, with an average loan size of about \$11,250.

Through the first six months of FY 2003, small businesses participating in the SBA's 8(a) Business Development program received \$5 billion in contracts. Small companies in the SBA's HUBZone program received \$1.8 billion in contracts.

During the year, the SBA completed special programs begun in FY 2002 to provide disaster recovery loans to victims of the September 11, 2001, attacks on the World Trade Center and the Pentagon. The SBA made more than \$580.4 million in recovery loans to victims of those attacks, and more than \$557 million for the Expanded Economic Injury Disaster Loan program for firms that were impacted by 9/11 located outside of the declared disaster areas in New York and Virginia.

Approximately 2.1 million entrepreneurs received business counseling and technical assistance through one or more of the agency's advisory and training programs:

More than 691,200 people received technical assistance through the Small Business Development Center (including the Michigan Small Business and Technology Development Center) program;

More than 473,100 people received assistance from the volunteers of the Service Corps of Retired Executives (SCORE);

More than 164,300 people got help at an SBA Business Information Center; and more than 102,500 people got help from an SBA Women's Business Center.

And this is just the beginning for SBA... watch us grow in the next 50 years!